

conjure up pretexts to wage wars and overthrow governments around the world at will. That is not who we are, and it is not in our interest to be perceived in that fashion.

Do not misunderstand me, I am not suggesting at all this was conjured up. There is no doubt that Iraq was not in compliance with Security Council Resolution 1441 when this conflict began, but I think we need to continue to focus on disarmament to keep from muddying the waters with regard to our intentions, and I believe we should accept credible and qualified international assistance in this regard. Yes, what the rest of the world thinks surely matters.

Turning back to the paramount issue of the fight against terrorism, I believe we have to keep this truth about how we are perceived throughout the rest of the world in mind. Perhaps the most important form of American power projected over the last century has been the power of our ideas and our values. If we lose our capacity to lead in that sense, then all of us in Government will have presided over the greatest loss of power in American history, regardless of how much we spend on our mighty and admirable military forces. And we will have put ourselves at a great disadvantage, likely a decisive and crippling disadvantage, in the fight against terrorism, which is our first national priority, which is our first priority in terms of national security.

I recognize many issues are interlinked, that our approach to one policy issue may affect the course of the campaign against terrorism. There can be no doubt about our primary responsibility and our most important security concern. We should be having a more focused dialog and exercising our oversight responsibilities in a more focused way.

A tremendous number of questions came to the surface on September 11. How can we win a war against a shadowy network of nonstate actors? How can we define success? How will we know when we have been victorious? All of us, Democrats and Republicans, the Congress and the executive branch, waded through these questions recognizing that some answers would take time to take shape.

So today many questions remain. Where are we in this fight against terrorism? Our colleague Senator GRAHAM of Florida, one of the most respected Members of this body, suggested recently on the Today show that the war on terrorism has been "essentially abandoned over the past year," and that it is "a fundamental mischaracterization" to describe the war in Iraq as part of the fight against global terrorism." Both issues should be the subject of intense focus in Congress. How are we finding our way in this new kind of conflict? How stable and robust is the multilateral coalition committed to combating terrorism of global reach?

The task at hand is difficult enough without obscuring the issues. Recently

when Secretary Powell testified before the Senate Foreign Relations Committee, he noted that Americans have concluded that terrorism must be eradicated. But, he said:

Some in Europe see it differently. Some see terrorism as a regrettable but inevitable part of society and they want to keep it at arm-length and as low key as possible.

At this point, I am uncertain as to how to interpret this. Are our European partners really unconvinced of the need to fight terrorism? Which partners is he talking about? What steps are they unwilling to take to combat international terrorist organizations? These are real issues and the Secretary is quite right to raise them. But I am left uncertain. Are we conflating policy divergence on Iraq with divergence on international terrorism? Is that what we are talking about?

The President has asserted that:

Any person involved in committing or planning terrorist attacks against the American people becomes an enemy of this country, and a target of American justice. . . . Any person, organization, or government that supports, protects, or harbors terrorists is complicit in the murder of the innocent, and equally guilty of terrorist crimes.

But if it is our policy to eradicate terrorist networks of global reach, then what does it mean when U.S. forces sign a cease-fire agreement with a designated foreign terrorist organization, as they did on April 15 with the Iraq-based Iranian organization known as the People's Mujahedeen or more formally as the Mujahedeen Khalq, the MEK? Are we making peace with terrorist organizations? For what purpose; to what end? Is there a question about the way we apply the terrorist organization designation? Now we read that the organization is surrendering weapons to U.S. forces in a reversal of the April 15 decision. What are the terms of this new agreement? The issues are difficult, but the elected representatives of the American people should be working on shaping the answers together, not picking up hints about ad-hoc decisions by scanning the wires.

Few would argue with the fact that this administration is intensely secretive. And, in this atmosphere of tightly controlled information, too often the elected representatives of the American people are stifled in our ability to fulfill Congress's very important oversight role. With only vague information at our disposal, it is difficult to assess progress or the wisdom of our policy course. The absence of clarity and the absence of data are dangerous. I think it endangers the American people.

The President was right when he said that we have not forgotten the victims of September 11. We have not, and we cannot. But in the same vein, we must not allow the mission that we accepted in the aftermath of that day to become an ever-shifting idea, one that we can never pin down in order to evaluate our performance and take stock of our

needs. Let us hear less rhetoric and more about disturbing reports, such as the possible escape of the perpetrators of the dastardly attack on the USS *Cole*. That surely relates to the fight against terrorism. We certainly cannot permit the fight on terrorism, this most serious of issues, this horror that unites all Americans in resistance and resolve, to become a matter of rhetorical convenience. Our national security is at stake. We need clarity, we need focus, and we need candor. The American people deserve nothing less.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. ENZI. I ask unanimous consent that during the period for morning business, the following Members be recognized to speak: Senator ENZI for 20 minutes, Senator STABENOW for 10 minutes, Senator MIKULSKI for 10 minutes.

I further ask consent that following those speakers, the Senate resume consideration of the energy bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The remarks of Mr. ENZI pertaining to the introduction of submission of S. 1044 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. COLEMAN). Under the previous order, the Senator from Michigan is recognized.

#### HELPING THE ECONOMY

Ms. STABENOW. Mr. President, I rise today as we are beginning the discussion in earnest about how to create jobs in our country, how to help the economy, how to be responsible as we do that and how to help the States. Certainly my home State of Michigan, as most States, is finding financial crisis.

As we do that, we hear a lot of words, a lot of rhetoric, a lot of slogans. One of those is that the President's proposal is a job and growth package and that colleagues on the other side of the aisle are involved in a job and growth package. Nothing could be further from the truth. In fact, we have 450 well-known economists in the country, 10 Nobel laureates, Chairman Greenspan, many around the country, saying this will not create jobs and it will not create growth. It is not a jobs program. It is not a growth program. We have 13 economists saying it is; 450 economists versus 13 economists.

I suggest the overwhelming opinion of those who have studied this question of how to create jobs, how to move the economy, and how to do it in a responsible manner, without creating a sea of red ink as far as the eye can see, the majority of those who have looked at this issue, the vast majority have said the plan by the White House and by the Republican majority does not do that.

In fact, it adds to what we unfortunately are on track to do, which is to

see the worst job creation in 58 years. It is astounding what has happened in a very short time, going from budget surpluses, a boom in the economy in the 1990s, and now, in a very short time, to a turnaround where we are plummeting into debt. We are seeing close to the worst job creation in 58 years. What we are seeing from this record, over and over again, is the plan to give tax breaks for the privileged few will not create jobs. It did not create jobs in the 1980s when it was done. The bill that was passed 2 years ago, in 2001, was the first round of the Bush tax breaks for the privileged few, and it has not created jobs. Now they are saying do it again.

In my home State just this last month, 17,700 workers lost their jobs. That is 17,700 families who lost income, possibly—probably losing health care, losing the opportunity to pay into a pension fund, losing the opportunity to buy that new home, that new car squeezing them in terms of being able to send their children to college.

Mr. President, that is 17,700 people in just 1 month in Michigan. In fact, we have had, since this administration came into power, over 178,000 people who have lost their jobs in my home State alone—178,000-plus people. Again, many of them lost their health care, lost the ability to care for their families and do what they need to do to create opportunity and security for their families.

In the last 2½ years we have seen an astounding 2.5 million private sector jobs lost. You have to go back over 50 years to see that kind of a record in this country. We certainly do not want to be going in that direction as a country.

What should we do? We do need to work together. We need to work across the aisle to do what is necessary to get the economy going, create jobs, and protect Social Security and Medicare for the long haul. Unfortunately, what we are seeing is a replay of the 1980s that put us into double digit unemployment, double digit interest rate increases, and tripled the national debt. We are seeing a replay of what was passed 2 years ago now that has caused us to plummet in terms of the budget situation and the economy and unemployment.

My question is, Why in the world are we going to do this again? Why in the world would we use the same policies that have not worked? We have this saying we use a lot in Michigan: The first step in getting out of a hole is to stop digging. What we are seeing is the digging of a deeper and deeper hole. In fact, we have seen a \$7 trillion fiscal collapse in just the last 2 years. I find this most disturbing. It is extremely worrisome, and every single American I know shares this concern.

When we combine the tax policies 2 years ago, the tax cut for the privileged few passed 2 years ago—and by the way, I am all for putting money in people's pockets. The question is,

Whose pockets? We want to make sure it goes into the pockets of the majority of Americans who will spend and drive this economy. That is not what happened 2 years ago.

But if we were to make that permanent and we were to take the other proposals that have come forward in some variation, certainly from the President, what we see as we look to the future is that \$14.2 trillion is taken out of Federal resources. There is \$14.2 trillion of projected loss or deficit.

Compare that to the projected Medicare and Social Security deficit over the same time. That is \$10 trillion. So we are talking about a hole that is bigger than Social Security and Medicare combined, in terms of the deficit for the future.

I sit on the Budget Committee. We look at these numbers. We are seeing red ink proposed as far as the eye can see, red ink that is far greater than what is projected on Medicare and Social Security. We see the baby boomers retiring in just a few years in large numbers. Many of us ask the question: How in the world can this be justified? How in the world can anyone look at these numbers and say we are going to put our country in this huge debt, greater than the liability of Medicare and Social Security, and then meet our obligations to our seniors, to those retiring, those who have paid in throughout their working years into a system that has, in fact, brought people out of poverty and guaranteed health care once you are age 65 or are disabled?

The pattern I have heard back too many times, and it is extremely worrisome, is that you assume Medicare and Social Security will be there as we know it.

I do assume Medicare and Social Security will be there as we know it. Fundamental to this debate right now on this tax cut, when we know economists say overwhelmingly say it is not going to work, it is not going to create growth, it is going to give tax cuts to the privileged few in our country at the expense of everyone else—why in the world, then, would someone propose this? Why in the world would someone propose something that would create massive debt, jeopardize Social Security and Medicare, for a tax break for only a few people?

I believe the real purpose is to privatize Medicare and Social Security. We see over and over again disparaging comments being made, particularly now, about Medicare. Just recently Tom Skully, the administrator of the Center for Medicare and Medicaid Services, said when he was in Pennsylvania at a public meeting—this was quoted in the press and others who were there heard this and responded accordingly; many seniors were very upset and were disagreeing with this, but Mr. Skully said, when talking about the Medicare Program:

It was an unbelievable disaster.

And:

We think it's a dumb system.

So we have a situation now where we are seeing a setup to create this huge debt and then we are being told we can't afford Medicare and Social Security as we know it. We can't afford to provide real prescription drug coverage for our seniors on Medicare right now. That is too expensive to do. We can't afford it. We can't afford Medicare as we know it.

I believe what is fundamentally happening is a situation to set up the ability to eliminate Medicare as we know it because of a belief that it is "an unbelievable disaster" and "a dumb system."

I do not believe Medicare is a dumb system. I believe that Medicare and Social Security are great American success stories. They have brought the majority of seniors out of poverty in this country. They have created a safety net so when an Enron employee finds that his or her entire life savings are wiped out, there is at least a foundation on Social Security that they have paid into throughout their life.

I also believe that when we are seeing millions of Americans without health care, an explosion in prices on private sector health care for large and small businesses, Medicare seeing a smaller rate of growth—the only part of universal health care we have where you are guaranteed that when you reach age 65, you will have health care, or if you are disabled, you will have health care—this is not the time to be rolling back that system or eliminating that system.

When we hear the words "reform," "dumb system," it is a "disaster," it "doesn't work and we can't afford it," I would say to my colleagues that the only reason we will have to have a discussion about the financial viability and whether or not we can afford it is the tax proposals currently on this floor. If we choose as an American value to put the quality of life of all of our citizens first and access to health care first for seniors, prescription drug coverage, a foundation of Social Security that will be there for all of us—if we put that as a value first, we can make sure that it is there for the future.

I believe we need to modernize Medicare. I believe, as Secretary Thompson said in our Budget Committee, that we need to focus more on prevention. I share his belief that this is a system which needs to be moved and modified, focusing more on prevention; that there are ways to streamline it with less bureaucracy and paperwork for our doctors and hospitals and other providers. And it needs to be updated to cover medication. There is not a health care policy today that would be designed without prescription drugs coverage, if it is going to be a real health care policy. That is the major way we provide health care today.

There is no question, it needs to be updated. But it is not a "dumb" system, it is not an "unbelievable disaster," and it is not unaffordable if we make the right decision.

I ask my colleagues to consider what is really going on in the broadest sense as we debate the tax bill. We have an alternative. We don't have to set up a situation where we take \$14.2 trillion out of Federal resources at a time when we will have a projected deficit in Medicare and Social Security of \$10 trillion. We don't have to do that. We have an alternative.

I am proud to be supporting the Democratic alternative that in fact creates more jobs, gives a tax cut to every taxpayer—not just a privileged few—and that helps our States so they don't have to raise local taxes, creates a situation where we can help small business and help individuals in the short run but does it responsibly. We can create jobs, opportunity, and prosperity without creating a situation where Medicare and Social Security are jeopardized for the future.

That is what this is about. This tax bill cannot be debated in isolation. I know what is going to happen. If this tax bill passes, we will have another debate on Medicare, and we will be told we can't really provide prescription drug coverage to everybody, we don't have the money, and, by the way, we have to change Medicare, we have to reform Medicare, we have to privatize it, and we have to put it back in the private sector because we can't afford to provide Medicare as we know it anymore for our seniors. That debate will have been done after we have created this deep hole, which would be done on purpose.

I urge that we take another look. There is a way to create jobs. There is a way to create opportunity. There is a way to create prosperity. We would very much like to join with our colleagues on the other side of the aisle to do that. There is a way to do that which is fiscally responsible and which protects Medicare and Social Security.

I urge the support of all of my colleagues for that approach which will be put forward. I urge my colleagues to take another look at what is being suggested here and stand with us to protect the long-term solvency of Medicare and Social Security.

The PRESIDING OFFICER. Under the previous order, the Senator from Maryland is recognized for 10 minutes.

Ms. MIKULSKI. Thank you very much, Mr. President.

Mr. President, I understand that the Republicans introduced the wrong tax bill yesterday. I think they got it right. I think the tax bill is the wrong bill. I don't think it was a drafting problem. I think it is an economic problem. I don't think this tax bill is the right solution to what our economy is facing. The tax bill is the wrong bill. It is the wrong bill because it does not create jobs; it adds to our structural deficit; and it doesn't deal with the other economic issues facing our country.

I would like to have an economic package which clearly helps create jobs. If we are going to give tax breaks,

they should be targeted to help families and small businesses. They should be temporary, such as aid to States and local communities that are reeling with their own problems. And they should not in any way weaken Social Security or weaken Medicare.

I think the tax bill is the wrong bill.

I believe if we put our heads together and think about targeted tax credits, we can help small business with health care and help families. Later on this week, I will offer an amendment to the tax bill to provide relief for family caregivers and help those who face the crushing consequences of caring for chronically ill family members.

Families are hurting. There is a weak economy. They worry about their jobs. They worry about their pension. They worry about skyrocketing health care. They are often holding down two jobs to make ends meet or are going into debt in order to put their children through college. They are finding it more difficult to be able to afford health insurance.

My targeted tax credit will give help to those who practice self-help. I think that should be a guiding principle. Let us give help to those who practice self-help.

My bill will provide a tax credit up to \$5,000 for family caregivers who are caring for someone with a chronic condition.

Who would that be? Some families are facing extraordinary challenges—caring for loved ones with special needs, a child with autism or cerebral palsy, a parent with Alzheimer's or Parkinson's, or a spouse with multiple sclerosis. Those are just a few examples of what I mean by a chronic and severe condition.

My tax credit would help people pay for prescription drugs, home health care, specialized daycare, respite care, and specialized therapy, including occupational, physical, or rehabilitation therapy.

Family caregivers face so many stresses. There is the emotional and physical stress of caregiving. Then there is the financial stress of caregiving, and the long days of raising a family while caring for a loved one with a chronic disease such as cerebral palsy or Parkinson's. A dad would have to work two jobs to meet the cost of care for a handicapped child, or a dad and mom might be working to be able to afford the special care for grandma. It places incredible stress on the family checkbook, and it places great strains on the family marriage.

We need to give help to those families who are practicing self-help. If you took the total cost of caregiving, it would be \$200 billion.

The first caregivers are the families—not government. But government should help the family with its responsibilities. They face high costs for prescription drugs, home health, adult daycare or specialized daycare for a handicapped child, physical therapy, durable medical equipment such as a

wheelchair, and medical bills for care by specialists.

People who care for a chronically ill family member must often patch together whatever they can afford. They really go into debt. Many of them go into their college accounts or retirement savings or they go without in order to be able to care of their family.

Example one: Let's talk about a family in Baltimore who has a child named Jackson. These are real families. They gave me permission to talk about them on the Senate floor so that we would again be focusing on what a family is facing. Family responsibility, yes, but a family's stress needs to be helped.

This family has a 2-year-old son named Jackson. He was born with severe brain abnormalities. He has the motor skill development of a 4-month-old. This little guy has daily seizures, so he needs total, round-the-clock care. The emotional costs of caring for a severely disabled child are incalculable. The financial costs are also crushing.

It costs \$650 a month for daycare for medically fragile children. His little wheelchair costs \$1,400. Though his skills are not growing, he is growing, so they need to frequently replace his wheelchair. He even needs a special shower chair which costs \$700. Then, of course, with all of those seizures and all the other complications, the cost of prescription drugs goes off the charts.

Let's talk about another family.

This is a family in Rockville. They have a 10-year-old girl named Rachel. She has autism. The mom does not work because the cost of specialized afterschool care would be so high; yet the family has very high costs, including \$200 a month for medication, \$150 a week for physical and speech therapy. That is \$600 a month for physical and speech therapy. So that is \$800 a month or \$9,600 a year for just medication and physical and speech therapy.

This father works 70 hours a week to provide for his family and to meet Rachel's special needs but also to save for college for his three other children. This places great stress on the family.

Then there is a couple where the wife is in the advanced stages of Alzheimer's. She was a teacher and spoke five languages. Now she needs 24-hour-a-day care, but the husband will not put her in a nursing home, which, by the way, would cost over \$60,000 a year. This family is spending \$3,000 a month or \$36,000 a year. They have gone through their savings, but they took a vow, "for richer or for poorer, and in sickness and in health," and that man intends to keep his vow to his wife.

What is the social contract that we have with those families? These are real families. This is why we need to have a real tax bill that also gives help to those who practice self-help. There are 26 million people in this country who face those situations.

My amendment has been backed by the Autism Society of America, the Cystic Fibrosis Foundation, Easter Seals, the National Organization for

Rare Disorders, the United Cerebral Palsy Association, Arc of the United States, the National Health Council, the National Council on the Aging, Paralyzed Veterans of America, Family Voices, the National Respite Coalition, the National Family Caregivers Association, and the National Alliance for Caregiving.

Mr. President, one of my first milestones in the Senate was the enactment of something called the Spousal Anti-Impositionment Act. That changed the cruel rules of Medicaid so families would not go bankrupt before they could get help for nursing home care.

I said: Family responsibility, yes, and always. Family bankruptcy due to the cruel rules of government, no.

That has helped over 1 million people. Now it is our turn to also help the caregivers. They are the backbone of our long-term care in this country.

I thank my colleagues, Senators CLINTON and SARBANES, and others, for supporting this amendment. If we really want to help the economy, let's start by helping the American family. I hope, when the Senate considers whatever is introduced, Senators will favorably consider my targeted tax credit to help family caregivers.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent to speak as in morning business for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Thank you very much, Mr. President. I would like to take a few minutes today to discuss the state of the American economy and discuss why I believe new tax cuts are the wrong economic medicine right now.

I was one of the 12 Democrats who voted for a major tax cut in March of 2001. And I want to just bring to everybody's attention what the situation was then.

In March 2001 we were in our third year of surplus in the budget. We were projected to run a \$5.6 trillion surplus through 2010. So it seemed an appropriate time to return some of that surplus to taxpayers, just as a business would do when that business was doing well. That is when a business would consider dividends for its investors or bonuses for its employees. That was 7 months before 9/11. Today we face cumulative deficits of approximately \$2 trillion over 10 years. And that is the conservative estimate. Goldman Sachs estimates it at double that. We also face huge long-term shortfalls in the Medicare and Social Security trust funds.

Since late last year, the administration has been pushing for a second large tax cut, some \$726 billion in tax breaks that would actually provide little upfront stimulus. The centerpiece of the President's proposal is a plan to eliminate taxes on corporate dividends.

Half of the benefits of that plan would be realized by taxpayers earning over \$200,000 a year, and the plan would do nothing for the millions of Americans who hold stocks only through retirement plans that are already tax advantaged. At the same time, my State, California, would lose over \$20 billion over the next 10 years as a result of lower direct tax revenue and higher interest rates on municipal bonds.

State budgets cannot afford to lose these costs, and neither can the Federal budget. The budget report which recently passed Congress locks us into deficits for the next 10 years, totaling some \$2 trillion over that period.

In his State of the Union Message, the President stated:

We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other presidents, and other generations.

I cannot agree with that sentiment more, but that is not what has happened. Exactly the opposite has happened.

Whether the tax cut ends up at \$150 billion or \$350 billion or \$550 billion, it will all be financed by deficit spending. Every dollar in new tax cuts that passes this Chamber is a dollar we cannot afford to spend. We will not pay for it now, but our children are going to pay for it later.

Our current deficit is projected to be \$347 billion this year, although many estimate the number will more likely be closer to \$400 billion by the end of the fiscal year. And it is estimated to be \$385 billion next year. These estimates do not include additional costs of rebuilding Iraq or new legislation not included in the President's budget.

The deficits now projected are neither small nor are they short term. Rather, they are the largest in history. The only way that the budget resolution which came out of conference committee achieves balance is by expecting unrealistic cuts to discretionary spending after 2008.

To put some perspective on the size of the deficits expected this year, it is useful to compare it to nondefense discretionary spending. This year we are projected to spend \$385 billion for everything outside of entitlement programs and defense. That includes funding for education, law enforcement, transportation, environmental protection, and hundreds of other uses.

If the Federal Government were required to balance its budget each year, as do 49 of our 50 States, it could cut nondefense discretionary spending by 90 percent—by 90 percent—and only just manage to reach balance. Imagine the impact that would have on Government services that we rely on every day.

Let me explain that further. If you look at a pie chart for the year 2003, 64 percent of all of the expenditures, the outlays this year, is for interest on the debt and entitlement programs. Entitlement programs are Medicare, Medicaid, Social Security, veterans bene-

fits, and welfare. If you are entitled to them, you get them. They cannot be cut in the budget process. So 64 percent of all of the expenditures cannot be controlled. Defense is 17 percent, and nondiscretionary—every other department—is 19 percent. That is why you could cut 90 percent of that 19 percent, and you can't really bring the budget into balance because of these other items in the expenditure area.

The only reason the Federal Government is not facing cuts in service is because it can take on new debt to cover the shortfall in tax revenue. When the occupant of the chair was mayor of a great city and I was mayor of a great city, we couldn't do this. We had to balance our budgets. The Federal Government can do this.

Should the President's proposed tax cuts be adopted in their entirety, our public debt would nearly double over the next 10 years, from \$6.7 trillion today to \$12 trillion in 2013.

Later this month, the Senate will take up a bill to increase the Federal debt ceiling by almost \$1 trillion—\$984 billion, to be precise. That is the largest increase in our Nation's history. That increase represents \$3,400 in new debt for every American citizen, whether they pay taxes or not. That increase is shocking, but the unfortunate truth is that the \$1 trillion in new debt Congress is set to authorize will cost Americans much more than \$3,400 each because interest in our debt drives up interest rates, because there is a limited appetite for debt at home and abroad, and investors must be given incentives to take on new debt in the form of higher interest rates.

Those interest rates are not just paid by the Government; they are also paid by homeowners who take out a mortgage. Look at the low mortgage rates today and what they are worth to an individual. William Gale, senior fellow at the Brookings Institution, predicts that interest rates could rise by as much as four-tenths of a percent due to the effects of the President's proposal.

What does that do to the average citizen? I will tell you. An increase of that magnitude would add \$800 to the cost of a \$200,000 home mortgage in the first year alone. It would increase costs by thousands of dollars more over the life of the mortgage.

I have always believed for many Americans low interest rates are much more worthwhile than a tax cut that they may only see slightly. But when they refinance their house, they see it big time, or when they are able to draw out from the accrued equity of the house. So interest rates not only affect homeowners, but they also affect businesses seeking to make new capital investments in the cost of money they borrow. The effect is to crowd out private investment and stifle economic growth.

Let's talk for a moment about the 2001 tax cut that I voted for, that 12 of us on my side of the aisle voted for, when times were good, before 9/11, with

a \$5.6 trillion surplus and a surplus in our budget 3 years in a row.

At the same time that the administration pushes for new tax relief, it does little to acknowledge that tax relief already scheduled to occur is, in fact, taking place. I don't understand. If I were President of the United States, I would be out on the hustings saying: The Congress, in 2001, gave you tax relief, Mr. and Mrs. America, and this is what it looks like: In 2001, \$41 billion was paid out to taxpayers. In 2002, \$71 billion was paid out in tax cuts to taxpayers. In 2003, \$90 billion is going to be paid out in tax cuts to taxpayers. That totals, Mr. and Mrs. America, \$202 billion that you have already or are getting from the 2001 tax cut. And next year, 2004, you will get another \$100 billion. That totals over \$300 billion being paid out in tax cuts today from the 2001 tax cut.

Why, in our current fiscal circumstances, should we add on such a large amount of tax relief when that relief is now beginning to take effect from the 2001 tax cut? Next year, which is the earliest a new tax cut could reasonably take effect, we are already scheduled to see a 1-percent drop in marginal income tax rates, an increase in the individual estate tax exemption from \$1 million to \$1.5 million, and relief from the alternative minimum tax, or AMT. So these things are happening as a product of our 2001 tax cut. Why doesn't the President speak about them? That would reassure the American public, I believe.

Today I have heard two primary arguments in favor of this tax cut. I have found neither argument to be logical or persuasive. The first argument is that the tax cut will be stimulative. In fact, we know it will have little or no stimulative impact as it is currently structured. Let me mention a few of the reasons why.

Less than 20 percent of the tax cut can take effect within a year. Less than 20 percent of it can take effect within the next year. Economists agree that in order for tax cuts to be stimulative, they must be front loaded, and they must be large enough to make a meaningful impact.

The President's package fulfills neither requirement because its benefits largely accrue in the outyears. They would amount to a stimulus of less than 1 percent of GDP over the next 12 months.

A dynamic analysis of the effect of the package on the economy predicts it will generate little or no economic growth. The newly appointed head of the Congressional Budget Office, Douglas Holz-Eakin, recently conducted CBO's first foray into dynamic scoring. Dynamic scoring is a method of economic analysis that looks at the ripple effects of tax and spending bills on economic growth beyond their direct cost or benefit.

The results of the CBO study were eye opening. The President's tax cut proposal was projected to have little or

no impact on economic growth and could actually reduce growth in the later years. The administration's own economic team released data indicating that over the long term, the plan creates few new jobs.

The tax cuts included in the plan provide very little bang for the buck.

The second argument in favor of the President's tax cut is that without the threat of large budget deficits, Congress will never act to rein in spending. Therefore, large budget deficits are actually a tool of responsible government. To me, this argument boggles the mind. Far from reining in spending, large deficits will actually increase spending by sending interest costs on our debt skyrocketing. Discretionary spending over the past several years has, in fact, been held tightly in check, and nearly all new discretionary spending is allocated to defense and homeland security.

Mr. President, the only way I believe we can return to the path of long-term growth is by balancing our budget and by proving our ability to act as long-term stewards of our economy. Right now, the biggest drags on this economy are uncertainty and distrust. Corporate leaders remain uncertain about geopolitical developments, such as the war against Iraq, North Korea, India/Pakistan, and what might happen next, and the risk of domestic terrorism. They are holding off investments until those concerns abate. Consumers share similar concerns and fear the loss of jobs or further deterioration in their retirement savings. Remember, large companies have crashed—Enron, Arthur Andersen, Global Crossings—and with them went retirement benefits. People have fear, and fear has entered the marketplace.

At the same time, small investors show little inclination to get back into the stock market as corporate scandals continue. So I believe the appropriate medicine for this uncertainty and distrust is strong regulatory action by agents such as the Securities and Exchange Commission and the Accounting Oversight Board, to increase accounting transparency and to stop corporate criminal behavior before it begins.

In the Senate, I have tried to push for corporate accountability in the energy sector. God knows it is necessary, and I hope to introduce an amendment on the energy bill.

The return of investor confidence will have a positive impact on our markets and our economy. Coupled with strong congressional leadership committed to keeping our budget in balance, I believe we can quickly return to healthy rates of economic growth.

What will not work, however, is further deficit spending for tax cuts we cannot afford. When I last voted for a tax cut in March of 2001, we were projected to run a \$5.6 trillion surplus through 2010. Our economic outlook at that point could not be more different than our current circumstances.

Now we face cumulative deficits of approximately \$2 trillion over 10 years, if interest costs are included. Those are unified deficits and do not reflect the one-time boost we are getting from surpluses in the Medicare and Social Security trust funds. If those surpluses were not included, our deficits over 10 years would add up to over \$3 trillion.

Unfortunately, Congress cannot ensure an immediate return to economic growth. What we can do, however, is prove to those Americans who contribute to the economy that Congress can properly manage the government's finances. Yet our current course is taking us in the opposite direction.

I urge my colleagues to oppose any new tax cuts, no matter what the size, and focus on laying the groundwork for a return to long-term economic growth.

I yield the floor.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### ENERGY POLICY ACT OF 2003— Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

A bill (S. 14) to enhance the energy security of the United States, and for other purposes.

Pending:

Frist-Daschle amendment No. 539, to eliminate methyl tertiary butyl ether from the United States fuel supply, to increase production and use of renewable fuel, and to increase the Nation's energy independence.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I think the Senate now knows that S. 14, a comprehensive energy policy, is before the Senate. Obviously, we are going to have to take some time in this calendar of ours to get it done.

We always speak of a comprehensive energy bill and we tell the country we need one. We have one before us. There are many of us who think it is very good. We won't know how good the Senate thinks it is until we have had a chance to go through it and vote on it. I am very hopeful that those who have amendments will start thinking about coming down here to offer them.

The pending amendment is a major one—the so-called ethanol amendment. That is the bill which establishes a national goal of 5 billion barrels by the year 2012. It is a very important contribution to America's independence and a component of the bill, if adopted, when adopted, that will create diversification. It will be moving toward independence rather than dependence. Obviously, it has fantastic side effects for rural America, agricultural America, which those who have been working on it for years have already spoken to, and many more will.